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TAGS: [PREL](#) [PTER](#) [PK](#) [AF](#) [IR](#) [NP](#) [BG](#) [CE](#) [IN](#) [US](#)

SUBJECT: U/S BURNS' DISCUSSIONS ON SOUTH ASIAN ISSUES

Classified By: Charge Bob Blake for Reasons 1.4 (B, D)

[11.](#) (C) Summary: U/S Nicholas Burns met with Foreign Secretary Shyam Saran on June 25 to review Indo-Pak

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relations, Iran, Nepal, Bangladesh, and briefly Sri Lanka. Although pleased with the groundswell of support for people-to-people exchanges with Pakistan, Saran warned that a single major terrorist attack, rising infiltration across the LOC, or domestic instability in Pakistan could seriously endanger recent gains in the peace process. On Iran, U/S Burns expressed skepticism that Tehran would accept the EU-3 compromise to let Iran to keep its nuclear plants but not allow access to any part of the fuel cycle. The GOI was encouraged by Nepalese political parties' concurrence on a common platform seeking a ceremonial role for the monarch, civilian control of the army, but did not expect the Maoists to agree. The GOI continues to withhold lethal military assistance to the RNA. The GOI was making progress on border issues and increased trade with Bangladesh, but has increased concerns about Dhaka's slide toward Islamic fundamentalism. Finally, U/S Burns welcomed the news of an agreement between the Sri Lankan government and the LTTE to share tsunami aid. End Summary.

Pakistan

[12.](#) (C) Because neither New Delhi nor Islamabad would change their positions regarding border demarcation in Kashmir, the Foreign Secretary summarized GOI strategy for managing the ongoing dispute: "Rather than redraw the lines, why not deal with the human consequences so that the lines become less relevant?" He was pleased with the groundswell of support for people-to-people exchanges, citing an unprecedented volume of cross-border traffic creating a "larger and larger constituency of peace." Further, the "natural affinities of peace" could expand with better infrastructure, such as a proposed Pakistani consulate in Mumbai and a counterpart Indian consulate in Karachi.

[13.](#) (C) Although there is popular support for these initiatives, Saran expressed concern that several factors could derail the process. A single high profile attack like the bombing of Parliament in December 2001 could "send both sides back to square one." Islamabad's refusal to dismantle terrorist infrastructure was evident in continued training camps and terrorist handlers who are allowed to move freely in Pakistan, which gave New Delhi a sense that terrorism was "a card that Islamabad still intends to play."

[14.](#) (C) Noting that the Taliban are still active in Afghanistan, the GOI had heightened concerns about increased infiltration from Pakistan because it could negatively impact the Indo-Pak process. Admitting he did not know the motivation behind the alleged assassination attempt of the US Ambassador to Afghanistan by three Pakistani nationals, Saran described the attempted attack as symptomatic of Islamabad's unwillingness to stop cross-border infiltration. The FS cautioned further the US against making distinctions between "good" and "bad" Taliban.

[15.](#) (C) Observing that the peace process depends to a considerable degree on Musharraf's personal assurances, domestic instability and weak support within his own regime could also undermine the process. Saran asked whether international consensus backing President Musharraf had been shaken by divisions that have started to show in Pakistan's domestic politics, as well as events in Baluchistan, and recent incidents of sectarian violence in Karachi.

[16.](#) (C) U/S Burns echoed Saran's concerns about cross-border terrorism in Kashmir and infiltration along the Pakistan-Afghanistan border. Noting that the Taliban's seasonal cross-border offensive was more extensive this year than last year, he relayed US commitment to maintain its force presence in Afghanistan, but with modified troop positions. The USG has encouraged NATO member states to increase their presence in Kabul, and northern and western Afghanistan, thereby allowing the US to concentrate on more problematic areas in the south and east. However, this change would only be effective if some NATO members adopted more aggressive rules of engagement in their respective areas. PDAS Camp added that Pakistan had taken positive

steps such as taking the lead in securing the tribal areas and had turned over the captured al-Qaeda suspect Abdul Faraj al-Libby.

Iran

17. (C) In response to U/S Burns' question about the implications of the election of Mahmoud Ahmadinejad as the new Iranian President, Saran admitted that India does not know much about him, but that he seemed to be conservative, but not a part of the clergy, the Revolutionary Guard, nor the business community. "He projects himself as an ordinary, god-fearing Iranian," he observed.

18. (C) In his role as liaison to the EU-3 on Iran's nuclear program, U/S Burns then reviewed the status of talks with Tehran. In light of the USG position that Iran should not have access to any part of the nuclear fuel cycle, the EU-3 was developing a compromise that would allow Iran to keep its nuclear plants, but all parts of the fuel cycle would remain outside the country. While he hoped the EU's renewed offer would succeed, U/S Burns expressed skepticism that Tehran would accept it. If these negotiations fail, the USG will encourage the EU-3 to go to the IAEA Board of Governors (BOG) to confirm that Tehran could not give an "objective guarantee" after which the BOG could refer the matter to the Security Council to consider international sanctions.

Nepal

19. (C) Saran noted positive developments in Nepal, namely the agreement of seven political parties on the same platform, led by Nepalese Congress Party leader GP Koirala, and their discussions on a power-sharing package. The GOI remained engaged with the Palace, Royal Nepalese Army (RNA), political parties, and via indirect communication with the Maoists. According to Saran, the political parties have engaged the Maoists regarding a "minimum program for settlement," comprised of a ceremonial role for the monarch; the RNA to be under the control of an elected civilian authority; the Maoists to give up violence for political activity and open the areas they control to unfettered political activity; elections to be held without the intimidation of either the Maoists or RNA; and a "neutral referee" to monitor these assurances. If these conditions are fulfilled, all parties would agree to a cease-fire, followed by elections. According to the FS, the parties do not think the Maoists will accept this plan, but they will nevertheless continue to "agitate for democracy," although not with the Maoists. With the political parties and the Maoists allied against him, the GOI has tried to convince the King that he has endangered the future of Nepal's monarchy, Saran stated.

Military Assistance to Nepal

10. (C) Saran said the GOI provided the RNA with non-lethal equipment that was already in the pipeline for use against the Maoists (thermal imagers, transport, etc.). Saran confirmed that the GOI had not yet made a decision on near-term arms sales. Similarly, PDAS Camp noted that the USG had also provided non-lethal equipment such as night vision goggles and Kevlar vests, but was withholding M16s. Camp expressed concern about the signal sent by the GOI in dealing with the Maoists. Saran clarified that the GOI had no direct dealings with the Maoists, but had an interest because of Maoist links with the insurgency in India's Northeast. Saran offered the USG a future confidential briefing on the GOI's contacts with Maoists. He stated firmly, however, that the Maoists would have no prospect of dialogue with the GOI unless they abandon violence.

Bangladesh

11. (C) The Foreign Secretary reviewed the results of his meetings earlier in the week with Bangladesh's Foreign Secretary. There had been progress on boundary and trade

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issues, and the two sides hoped to renew the joint boundary group to continue discussion of demarcation of the boundary and exchange of enclaves, among other issues. On trade, he wanted to replicate the GOI Free Trade Agreement with Sri Lanka which resulted in more trade and transport links between the two countries. The upcoming Joint Working Group on Trade will look at non-tariff barriers, customs cooperation, and better transport connections, offering Indian financing on the latter. "If we give our neighbors a stake in our own economic development, it will necessarily lead to better relations," Saran stated.

12. (C) Saran welcomed Dhaka's efforts to provide better border security and the recent agreement on joint patrolling, beginning with river patrols. However, he expressed grave

concern about Dhaka's slide toward fundamentalism, reports of Islamic parties putting pressure on the government, increasing incidents of harassment of the Hindu minority population and Ahmadiyas, as well as other Muslim sects and intellectuals, as well as evidence of Pakistani ISI involvement in Bangladesh. Further, he complained that there was "no closure on certain unexplained events" such as the 2004 Chittagong arms seizure and linkages between madrasas in Bangladesh with security concerns in Thailand.

Sri Lankan Agreement to Share Tsunami Aid

113. (U) Finally, U/S Burns welcomed the news of an agreement between the Sri Lankan government and the LTTE to share tsunami aid. Saran remarked that India had reservations

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about the agreement, but did support the Joint Mechanism and agreed to continue to assist Sri Lanka through a number of bilateral projects.

Participants

114. (U) USG Participants:

U/S Nicholas Burns
Robert Blake, DCM Embassy New Delhi
Donald Camp, PDAS, South Asia Bureau
Matt Boyse, A/PolCouns, Embassy New Delhi
Xenia Dormandy, NSC Director
Caitlin Hayden, Special Assistant, P
Stacy Gilbert, PolMilOff, Embassy New Delhi (Notetaker)

GOI Participants:

Foreign Secretary Shyam Saran
115. Jaishankar, Joint Secretary (Americas)
Renu Pall, Director (Americas)
Santosh Jha, Deputy Secretary (Americas)
Raj Srivastava, Under Secretary (Americas)

115. (U) U/S Burns cleared this cable.
BLAKE